

Message Text

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ACTION COME-00

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 PA-04 USIA-15 PRS-01

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R 271815Z JUN 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 737

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EO 11652: N/A

SUBJECT: CURRENT STATUS OF 180-DAY IMPORT RESTRICTIONS

REFS: LIMA 4738, 4479, 4095

1. SENIOR MINISTRY OF ECONOMY AND FINANCE (MEF) OFFICIAL HAS INFORMED EMBASSY OFFICERS THAT BY CAREFUL MONITORING OF IMPORT REQUESTS MEF AND CENTRAL BANK HAVE AVOIDED ANY SERIOUS ECONOMIC DISLOCATION BECAUSE OF THE 180-DAY IMPORT CREDIT REQUIREMENTS. IN SIX INSTANCES, HE SAID, SPECIAL AUTHORIZATIONS FOR FOREIGN EXCHANGE WERE MADE AVAILABLE IMMEDIATELY ON EMERGENCY BASIS FOR ESSENTIAL PRODUCTS TO AVOID PRODUCTION SHUTDOWNS. (HE NOTED, IN PASSING, THAT THE ONLY CASE WHERE PRODUCTION CEASED, FOR TWO DAYS, OCCURRED IN LOCAL COCA COLA PLANT. HE DID NOT EXPLAIN WHY COKE IS AN ESSENTIAL PRODUCT.)

2. OFFICIAL SAID MEF NOW PLUGGING LOOPHOLES IN IMPORT CONTROL SYSTEM BY ESTABLISHING A NEW MONITORING MECHANISM FOR ALL PRIVATE SECTOR IMPORTS OUTSIDE OF THE BOARD OF EXTERNAL TRANSACTIONS OF THE PRIVATE SECTOR (BETPS). BETPS PRESENTLY HANDLING ONLY EMERGENCY REQUESTS FOR FOREIGN EXCHANGE. OFFICIAL SAID MEF FULLY AWARE OF NEED TO KEEP

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SUPPLY LINES OPEN AND THAT GOP NOW RELATIVELY OPTIMISTIC ABOUT

OVERALL BALANCE OF PAYMENTS, PARTLY DUE TO SUCCESS OF CREDIT RESTRICTION PROGRAM. (GOP NOW PREDICTING \$1.2 BILLION IN IMPORTS (ABOUT 2/3S FOR PRIVATE SECTOR) AND OVER \$1.6 BILLION IN EXPORTS). WITH THESE ALLEGEDLY RELIABLE ESTIMATES IN HAND, MEF NOW MOVING AHEAD TO APPROVE FINAL FOREIGN EXCHANGE AUTHORIZATIONS FOR MOST COMPANIES, AND OFFICIAL STATED FLATELY MOST WILL RECEIVE MORE THAN THEY EXPECT AND SOME EVEN 100 PERCENT OF TOTAL REQUESTS, PROBABLY WITHIN NEXT TWO WEEKS.

3. OFFICIAL, IN REVEALING ASIDE, SAID THAT 180-DAY CREDIT RESTRICTION MEASURE TAKEN UNILATERALLY BY MEF, AFTER CONSULTATION WITH CENTRAL BANK. IT WAS NEVER COORDINATED WITH OTHER INTERESTED MINISTRIES (THUS THE COMMERCE MINISTRY'S CHAGRIN MENTIONED LIMA 4479), NOR WAS IT RAISED AT COUNCIL OF MINISTERS. IN FACT, OFFICIAL ADDED, FEW ECONOMIC MEASURES PER SE EVER CONSIDERED BY COUNCIL. THUS, MEF MINISTER MARCO DEL PONT TAKES FULL RESPONSIBILITY FOR THIS MEASURE, AND PRESIDENTS OF PRINCIPAL CHAMBERS OF COMMERCE WHO COMPLAINED TO COMMERCE MINISTER BARANDARIAN (LIMA 4095) SHOULD HAVE GONE DIRECTLY TO MARCO DEL PONT.

4. COMMENT: OFFICIAL OBVIOUSLY PLEASED THAT HIS MINISTRY'S MEASURE APPEARS TO BE ACHIEVING RESULTS DESIRED. THAT THE COUNCIL OF MINISTERS EVIDENTLY DID NOT CONSIDER THIS MEASURE INDICATES RELATIVELY WIDE DEGREE OF LATITUDE THAT MEF HAS IN MANAGING PERUVIAN ECONOMY. AS LONG AS DECISIONS ARE DEFINED IN ECONOMIC TERMS.

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